

BEFORE THE
UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Periodic Reporting
(Proposal Three)

Docket No. RM2015-11

PUBLIC REPRESENTATIVE COMMENTS IN RESPONSE
TO ORDER NO. 2593 CONCERNING RULEMAKING ON
ANALYTICAL PRINCIPLES USED IN PERIODIC REPORTING
(PROPOSAL THREE)

August 31, 2015

I. INTRODUCTION

The Public Representative hereby files Comments pursuant to the Commission's Notice of July 16, 2015 in this docket of the Postal Service's petition for rulemaking of analytical principles used in periodic reporting.¹

On July 14, 2015, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate an informal rulemaking proceeding to consider a change in analytical methods for use in its periodic reporting.² The Petition labels the proposed analytical method change filed as Proposal Three.

To clarify the Postal Service's Petition, the Chairman issued two information requests.³ The Postal Service responded to the information requests on July 31, 2015 and August 26, 2015, respectively.⁴

¹ Notice of Proposed Rulemaking on Analytical Principles Used in Periodic Reporting (Proposal Three), July 16, 2015, Order No. 2593 (Notice).

² Petition of the United States Postal Service Requesting Initiation of a Proceeding to Consider a Proposed Change in Analytical Principles (Proposal Three), July 14, 2015 (Petition).

³ Chairman's Information Request No. 1, July 21, 2015 (CHIR No. 1); and Chairman's Information Request No. 2, August 19, 2015 (CHIR No. 2).

II. BACKGROUND

The Postal Service seeks to change the methodology for estimating shape and weight for a portion of the Origin-Destination Information System - Revenue, Pieces and Weight (ODIS-RPW) sampling frame relating to sampling of letters and cards. Petition at 1. It proposes to replace ODIS-RPW system manual data collection at some letter Mail Exit Points (MEPs) with an automated selection of digital images selected from the incoming secondary Delivery Barcode Sequencing (DBCS) second pass operation⁵. *Id.* The Postal Service seeks to implement this change beginning the second quarter of FY2016. *Id.*

Under this proposal, the Postal Service would identify a portion of the letter Mail Exit Points (MEPs) as eligible for sampling digitally. *Id.* at 3. Those images would be selected during the incoming second-pass delivery barcode sequence (DBCS) mail processing operation and transmitted to a central server for data recording. *Id.* This process would replace manual data collection, which currently requires a data collector to travel to the test site and then randomly sample the mail from containers. *Id.*

The Postal Service states that the digital images captured would provide much of the necessary data, but would not have information on the shape (letter or card) or the weight of the sampled mailpieces. *Id.* The Postal Service proposes to use the weight and shape information from Delivery Point Sequenced (DPS) mail that is captured at remaining letter MEPs where manual data collection will continue as a distribution key for the mail that is captured digitally. *Id.*

III. COMMENTS

Although the Postal Service will impute weight for a substantial number of observations, the Postal Service's analysis demonstrates that the effect of imputation on

⁴ Response of the United States Postal Service to Questions 1-4 of Chairman's Information Request No. 1, July 31, 2015 (Response to CHIR No. 1); and Response of the United States Postal Service to Questions 1-5 of Chairman's Information Request No. 2, August 26, 2015 (Response to CHIR No. 2).

⁵ Mail processed on the second pass is termed Delivery Point Sequenced, or DPS mail.

the weight of the affected mail categories is minimal at the national level. The impact on volume by weight category is somewhat more significant, most notably for the low volume categories. Nonetheless, the Postal Service demonstrates that there is not a systemic difference between the mail sampled manually and the mail that will be sampled digitally⁶. Therefore, the proposed methodology is unlikely to bias estimates of weight and volume. Similarly, assigning shape to the digitally sampled pieces should have little effect on the reasonableness of the Postal Service's estimates.

The Postal Service expects to save \$2 million per year in data collection costs from the proposed change in methodology. While any reduction of data quality is concerning, the benefits of Proposal Three to the Postal Service outweigh the decrease in the quality of the volume and weight estimates. The Public Representative recommends adoption of Proposal Three.

IV. CONCLUSION

The Public Representative respectfully submits the foregoing Comments for the Commission's consideration.

Respectfully submitted,

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⁶ See Response to CHIR No. 1, Question 3b.